

Federal Deposit Insurance Corporation (FDIC)

Your Own Home



Use this tip sheet to help you in the process of determining your readiness to buy a home, financing a home, and negotiating a mortgage. This tip sheet will cover the following topics:



- ☐ Determining whether you are ready to buy a home
- ☐ Getting pre-approved for a mortgage
- ☐ Negotiating the most competitive loan

Tip #1:

Determine Whether You are Ready to Buy a Home

The following questions will help you to determine if you are ready to buy a home:

Question	Yes	No
Do you have a steady source of income? This usually means having a job or other source of income.		
Have you been employed on a regular basis for 2-3 years?		
Is your income reliable?		
Do you have a credit history? Have you ever borrowed money for any purpose?		
Do you have a good record of paying bills?		
Are you able to pay your bills and other debts?		
Do you have the ability to make a mortgage payment every month, plus handle additional costs for taxes, insurance, maintenance, and repairs?		
Do you have money saved for a down payment and closing costs?		

If You Answered "Yes" to All These Questions...

...you may be ready to buy a home.

If You Answered "No" to Any of Them...

...you might need to strengthen those areas first. To strengthen any areas, or to learn more about buying a home, look for homebuyer education classes in your area. These classes are a good source of information and will help prepare you for home ownership.

Tip #2:

Get Pre-approved for a Mortgage

To get pre-approved for a mortgage, you need to assemble financial records and fill out an application. Be sure to take with you:

- ❑ Pay stubs for the last 2-3 months
- ❑ W-2 forms for the last 2 years
- ❑ Tax returns for the last 2 years
- ❑ Information about your assets and long-term debts
- ❑ Recent bank statements
- ❑ Proof of any additional income

Tip #3:

Negotiate the Most Competitive Loan

The following are some tips for negotiating the most competitive loan when buying a home:

- *Check advertisements in local newspapers and on the Internet* to get an idea of the best terms and rates. Be mindful, however, that rates change frequently and you may not be able to get the published rate. Contact several lenders on the same day to compare quotes.
- *Negotiate the best deal you can.* Ask the lender for better terms than originally quoted. Lenders might offer different prices to different borrowers even with the same qualifications. Ask the lender to waive or reduce one or more of the fees, or agree to a lower rate or fewer points, and make sure they do not lower one fee and raise another in its place.
- *Do not be afraid* to let lenders compete for your business by letting them know you are shopping for the best deal.
- *Make sure the lender gives you all the costs of the loan in writing.*